

**ZELAN BERHAD**  
(Company No. : 27676-V)

**CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**

THE FIGURES HAVE NOT BEEN AUDITED

|  | INDIVIDUAL QUARTER                       |  | CUMULATIVE QUARTER                      |   |
|--|--|--|---|---|
|  | Quarter<br>ended<br>30/09/2021<br>RM'000 | Quarter<br>ended<br>30/09/2020<br>RM'000 | Period<br>ended<br>30/09/2021<br>RM'000 | Period<br>ended<br>30/09/2020<br>RM'000 |
| Revenue  | 11,959                                   | 12,270                                   | 33,992                                  | 34,704                                  |
| Cost of sales  | <u>(8,206)</u>                           | <u>(9,244)</u>                           | <u>(22,038)</u>                         | <u>(22,564)</u>                         |
| Gross profit   | 3,753                                    | 3,026                                    | 11,954                                  | 12,140                                  |
| Other income   | 63                                       | 38                                       | 230                                     | 865                                     |
| - Gain on revaluation of asset   | -  | 5,856                                    | -                                       | 5,856                                   |
| Interest income- income/profit on placement on deposits                        | 5  | 14                                       | 19                                      | 30                                      |
| Unwinding of discounting on long term trade receivables                        | 54                                       | 54                                       | 163                                     | 386                                     |
| Accretion in carrying value of long term receivables                           | 5,399                                    | 5,757                                    | 16,468                                  | 17,530                                  |
| Unrealised foreign exchange gain, net  | 1,351                                    | (5,867)                                  | 5,644                                   | 55                                      |
| Administrative expenses  | (1,334)                                  | (1,932)                                  | (4,314)                                 | (5,642)                                 |
| Operating expenses   | (328)                                    | (246)                                    | (1,065)                                 | (844)                                   |
| Depreciation   | (225)                                    | (98)                                     | (651)                                   | (268)                                   |
| Finance costs on borrowings  | (7,337)                                  | (7,668)                                  | (21,212)                                | (24,655)                                |
| Unwinding of discounting on long term trade payables                           | (238)                                    | (316)                                    | (705)                                   | (939)                                   |
| Share of results of associates   | (5)                                      | -  | (16)                                    | (17)                                    |
| <b>Profit before zakat and taxation</b>  | <b>1,159</b>                             | <b>(1,383)</b>                           | <b>6,515</b>                            | <b>4,497</b>                            |
| Tax expense  | (767)                                    | 5  | (1,857)                                 | (714)                                   |
| <b>Profit after zakat and taxation</b>   | <b>392</b>                               | <b>(1,378)</b>                           | <b>4,658</b>                            | <b>3,783</b>                            |
| <b>Profit for the period attributable to:</b>                                  |  |  |   |   |
| Equity holders of the parent   | 400                                      | (1,354)                                  | 4,666                                   | 3,802                                   |
| Non-controlling interests  | (8)                                      | (24)                                     | (8)                                     | (19)                                    |
|  | <u>392</u>                               | <u>(1,378)</u>                           | <u>4,658</u>                            | <u>3,783</u>                            |
| <b>Net profit for the period</b>   | <b>392</b>                               | <b>(1,378)</b>                           | <b>4,658</b>                            | <b>3,783</b>                            |
| <b>Other comprehensive gain :</b>  |  |  |   |   |
| <i>Items that may be reclassified subsequently to profit or loss:</i>          |  |  |   |   |
| Exchange difference from translation of foreign operations                     | (2,207)                                  | 2,665                                    | 5,020                                   | 4                                       |
| <b>Total items that may be reclassified subsequently to the profit or loss</b> | <u>(2,207)</u>                           | <u>2,665</u>                             | <u>5,020</u>                            | <u>4</u>                                |
| <b>Total comprehensive (loss) / profit</b>                                     | <u>(1,815)</u>                           | <u>1,287</u>                             | <u>9,678</u>                            | <u>3,787</u>                            |
| <b>Total comprehensive (loss) / profit for the period attributable to:</b>     |  |  |   |   |
| Equity holders of the parent   | (1,986)                                  | 1,177                                    | 9,678                                   | 3,787                                   |
| Non-controlling interests  | 171                                      | 110                                      | -                                       | -                                       |
|  | <u>(1,815)</u>                           | <u>1,287</u>                             | <u>9,678</u>                            | <u>3,787</u>                            |
| <b>Earnings/ per share :</b>   |  |  |   |   |
| Basic earnings per share attributable to equity holders of the Company (sen)   | 0.05                                     | (0.16)                                   | 0.55                                    | 0.45                                    |

The Consolidated Statement of Comprehensive Income should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

**ZELAN BERHAD**  
(Company No. : 27676-V)

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**

|   | <b>Unaudited<br/>As at<br/>30/09/2021<br/>RM'000</b> | <b>Audited<br/>As at<br/>31/12/2020<br/>RM'000</b> |
|---|--|--|
| <b>NON-CURRENT ASSETS</b>   |  |  |
| Property, plant and equipment   | 3,247  | 3,530  |
| Investment properties   | 22,801   | 23,186   |
| Investments in associates   | 6,090  | 6,106  |
| Receivables, deposits and prepayments                                     | 686,778  | 698,310  |
| Deferred tax assets   | 887  | 887  |
| Deposits, cash and bank balances (restricted)                             | <u>32,397</u>  | <u>27,067</u>                                      |
|   | <b><u>752,200</u></b>                                | <b><u>759,086</u></b>                              |
| <b>CURRENT ASSETS</b>   |  |  |
| Inventories   | -  | 0  |
| Receivables, deposits and prepayments                                     | 108,451  | 82,866   |
| Tax recoverable   | 20   | 15   |
| Deposits (restricted)   | 138  | 136  |
| Deposits, cash and bank balances (non-restricted)                         | <u>5,896</u>   | <u>5,585</u>                                       |
|   | <b><u>114,504</u></b>                                | <b><u>88,602</u></b>                               |
| <b>LESS: CURRENT LIABILITIES</b>  |  |  |
| Trade and other payables  | 228,541  | 209,244  |
| Borrowings  | 45,362   | 48,937   |
| Current tax liabilities   | <u>6,473</u>   | <u>5,856</u>                                       |
|   | <b><u>280,376</u></b>                                | <b><u>264,037</u></b>                              |
| <b>NET CURRENT LIABILITIES</b>  | <b><u>(165,872)</u></b>                              | <b><u>(175,435)</u></b>                            |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                              | <b><u>586,328</u></b>                                | <b><u>583,651</u></b>                              |
| <b>EQUITY AND LIABILITIES</b>   |  |  |
| <b>CAPITAL AND RESERVES ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</b> |  |  |
| Share capital   | 84,495   | 84,495   |
| Reserves  | <u>13,185</u>  | <u>3,507</u>                                       |
|   | <b>97,680</b>  | <b>88,002</b>                                      |
| Non-controlling interests   | <u>(327)</u>   | <u>(327)</u>                                       |
| <b>TOTAL EQUITY</b>   | <b><u>97,353</u></b>                                 | <b><u>87,675</u></b>                               |
| <b>NON-CURRENT LIABILITIES</b>  |  |  |
| Borrowings  | 464,397  | 478,045  |
| Advance received from concession customer                                 | 18,302   | 11,235   |
| Other payables - Tax liabilities  | 3,016  | 3,437  |
| Deferred tax liabilities  | <u>3,261</u>   | <u>3,259</u>                                       |
|   | <b><u>488,975</u></b>                                | <b><u>495,976</u></b>                              |
| <b>TOTAL EQUITY AND NON-CURRENT LIABILITIES</b>                           | <b><u>586,328</u></b>                                | <b><u>583,651</u></b>                              |
| Net assets per share (RM)   | <u>0.12</u>  | <u>0.10</u>  |

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

|  | Attributable to equity holders of the parent |                               |                             |                             |                                |                              |                       |                                     |                        |
|--|--|-------------------------------|-----------------------------|-----------------------------|--------------------------------|------------------------------|-----------------------|-------------------------------------|------------------------|
|  | Share Capital<br>RM'000                      | Translation Reserve<br>RM'000 | Capital Reserve *<br>RM'000 | General Reserve *<br>RM'000 | Fixed Asset Reserve*<br>RM'000 | Accumulated Losses<br>RM'000 | Sub - total<br>RM'000 | Non-controlling interests<br>RM'000 | Total Equity<br>RM'000 |
| <b>Nine months to 30 September 2021</b>                  |  |                               |                             |                             |                                |                              |                       |                                     |                        |
| Balance as at 1 January 2021                             | 84,495                                       | 5,999                         | 35,458                      | 4,261                       | 1,155                          | (43,366)                     | 88,002                | (327)                               | 87,675                 |
| Profit/(loss) for the financial period                   | -  | -                             | -                           | -                           | -                              | 4,666                        | 4,666                 | (8)                                 | 4,658                  |
| <u>Other comprehensive income:</u>                       |  |                               |                             |                             |                                |                              |                       |                                     |                        |
| Currency translation reserve                             | -  | 5,012                         | -                           | -                           | -                              | -                            | 5,012                 | 8                                   | 5,020                  |
| Total comprehensive loss/income for the financial period | -  | 5,012                         | -                           | -                           | -                              | 4,666                        | 9,678                 | 0                                   | 9,678                  |
| Balance as at 30 September 2021                          | 84,495                                       | 11,011                        | 35,458                      | 4,261                       | 1,155                          | (38,700)                     | 97,680                | (327)                               | 97,353                 |
| <b>Nine months to 30 September 2020</b>                  |  |                               |                             |                             |                                |                              |                       |                                     |                        |
| Balance as at 1 January 2020                             | 84,495                                       | 10,089                        | 35,457                      | 4,254                       | -                              | (87,188)                     | 47,107                | (327)                               | 46,780                 |
| Profit for the period                                    | -  | -                             | -                           | -                           | -                              | 3,802                        | 3,802                 | (19)                                | 3,783                  |
| <u>Other comprehensive (loss)/income:</u>                |  |                               |                             |                             |                                |                              |                       |                                     |                        |
| Currency translation reserve                             | -  | (15)                          | -                           | -                           | -                              | -                            | (15)                  | 19                                  | 4                      |
| Total comprehensive income/(loss) for the period         | -  | (15)                          | -                           | -                           | -                              | 3,802                        | 3,787                 | -                                   | 3,787                  |
| Balance as at 30 September 2020                          | 84,495                                       | 10,074                        | 35,457                      | 4,254                       | -                              | (83,386)                     | 50,894                | (327)                               | 50,567                 |

\* These reserves relate to net gain from disposals of investment in shares, issue of bonus shares by a subsidiary out of post-acquisition reserves and transfer of profits to a statutory reserve by certain overseas subsidiaries

The Consolidated Statement of Changes in Equity should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

**ZELAN BERHAD**  
(Company No. : 27676-V)

**CONSOLIDATED STATEMENT OF CASH FLOWS**

|   | Period<br>ended<br>30/09/2021<br>RM'000 | Period<br>ended<br>30/09/2020<br>RM'000 |
|---|---|---|
| <b>OPERATING ACTIVITIES</b>   |   |   |
| Net profit for the period attributable to equity holders of the Company | 4,666                                   | 3,802                                   |
| Adjustments for:  |   |   |
| Tax expense   | 1,857                                   | 714                                     |
| Depreciation of property, plant and equipment                           | 101                                     | 120                                     |
| Depreciation of investment properties                                   | 550                                     | 148                                     |
| Accretion of interest in carrying value of long term receivables        | (16,468)                                | (17,530)                                |
| Interest income   | (19)                                    | (416)                                   |
| Finance costs   | 21,212                                  | 25,594                                  |
| Net unrealised (loss)/gain on foreign exchange                          | (5,644)                                 | (55)                                    |
| Non-controlling interests   | (8)                                     | 19                                      |
| Share of results of associates  | 16                                      | 17                                      |
|   | <u>6,262</u>                            | <u>12,413</u>                           |
| Changes in working capital :  |   |   |
| Receivables   | 13,699                                  | 3,205                                   |
| Payables  | (4,736)                                 | (3,920)                                 |
| Cash generated/(used in) operations                                     | 15,225                                  | 11,698                                  |
| Tax (paid)/credit   |   | (713)                                   |
| <b>Net cash flows generated in operating activities</b>                 | <u>15,225</u>                           | <u>10,985</u>                           |
| <b>INVESTING ACTIVITIES</b>   |   |   |
| Interest received from deposits and investments                         | 19                                      | 30                                      |
| <b>Net cash flows generated from / (used in) investing activities</b>   | <u>19</u>                               | <u>30</u>                               |
| <b>FINANCING ACTIVITIES</b>   |   |   |
| Repayments of borrowings  | (12,879)                                | (7,054)                                 |
| Repayments of hire purchase creditors                                   | (45)                                    | (3)                                     |
| Interest paid   | (5,528)                                 | (66)                                    |
| Additional deposits pledged as security                                 | (1,670)                                 | -                                       |
| <b>Net cash flows used in financing activities</b>                      | <u>(20,123)</u>                         | <u>(7,123)</u>                          |
| Net movement in cash and cash equivalents                               | (4,878)                                 | 3,892                                   |
| Cash and cash equivalents at the beginning of the financial period      | 5,584                                   | 5,758                                   |
| Currency translation differences  | 5,190                                   | 568                                     |
| <b>Cash and cash equivalents at the end of the financial period</b>     | <u>5,896</u>                            | <u>10,218</u>                           |

The Consolidated Statement of Cash Flows should be read in conjunction with the Audited Financial Statements for the financial year ended 31 December 2020.

**ZELAN BERHAD**  
**(Company No:27676-V)**

**1. Basis of Preparation**

The condensed interim financial information is unaudited and has been prepared in accordance with the applicable disclosure requirements of the Malaysian Financial Reporting Standards ("MFRS") 134: Interim Financial Reporting issued by the Malaysian Accounting Standards Board ("MASB") and Paragraph 9.22 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities").

The condensed interim financial information should be read in conjunction with the audited financial statements for the financial year ended 31 December 2020. These explanatory notes attached to the condensed interim financial information provide an explanation of events and transactions that are significant to an understanding of the changes in the financial position and performance of the Group since the financial year ended 31 December 2020.

The accounting policies and methods of computation adopted for the condensed interim financial information are consistent with those adopted for the audited financial statements for the financial year ended 31 December 2020.

On 1 January 2021, the Group adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 January 2021:-

Amendments to MFRS 7 , MFRS 9 and MFRS 139 on Interest Rate Benchmark Reform

**MFRS and amendments to MFRSs and IC Interpretations that are applicable to the Group but not yet effective**

The standards, amendments, annual improvement and interpretations that are issued but not yet effective up to the date of the Group's interim financial information are disclosed below. The Group intends to adopt these standards, amendments, annual improvements and interpretations if applicable, when they become effective:-

| <b>Description</b>   | <b>Effective for annual periods beginning on or after</b> |
|--|---|
| Amendment to MFRS 16 Leases<br>Covid-19-Related Rent Concessions beyond 30 June 2021   | 1 April 2021  |
| Amendments to MFRS 3 Business Combinations<br>Annual Improvements to MFRS Standards 2018-2020  | 1 January 2022  |
| Amendments to MFRS 116 Property, Plant and Equipment:<br>Property, plant and equipment – Proceeds before Intended Use  | 1 January 2022  |
| Amendments to MFRS 137 Onerous Contracts:<br>Cost of Fulfilling a Contract   | 1 January 2022  |
| Amendments to MFRS 101 Presentation of Financial Statements:<br>Classification of Liabilities as Current or Non-current<br>Disclosure of Accounting Policies | 1 January 2023  |
| Amendments to MFRS 108 Accounting Policies,<br>Changes in Accounting Estimates and Errors:<br>Definition of Accounting Estimates                             | 1 January 2023  |
| Amendments to MFRS 112 Income Taxes:<br>Deferred Tax related to Assets and Liabilities arising from a<br>Single Transaction                                  | 1 January 2023  |

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**1. Basis of Preparation (Continue)**  
**MFRS and amendments to MFRSs and IC Interpretations that are applicable to the Group but not yet effective (cont'd)**

The standards, amendments, annual improvements and interpretations that are issued but not yet effective up to the date of the Group's interim financial information are disclosed below. The Group intends to adopt these standards, amendments, annual improvements and interpretations if applicable, when they become effective (cont'd):-

| Description   | Effective for annual periods beginning on or after |
|---|--|
| Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture | Deferred   |

**2. Auditors' Report on Preceding Annual Financial Statements**

The auditors' report on the Group's financial statements for the financial year ended 31 December 2020 contained a paragraph on material uncertainty relating to going concern, as follows:-

*"We draw attention to Note 2 in the financial statements, which indicates that the Group and the Company incurred a net profit after taxation of RM36.21 million and a net profit after taxation of RM0.18 million respectively for the financial year ended 31 December 2020 and, as of that date, the Group and the Company's current liabilities exceeded the current assets by RM175.43 million and RM18.63 million respectively. These events and conditions, along with the other matters as set forth in Note 2 to the financial statements, indicate that a material uncertainty exists that may cast significant doubt on the ability of the Group and the Company to continue as going concerns. Our opinion is not modified in respect of this matter.*

*The Directors of the Company were of the opinion that the preparation of the financial statements of the Group for the year ended 31 December 2020 on a going concern basis remain appropriate given the following measures being taken and would be taken by the Group to address the material uncertainty relating to its going concern:-*

- *Monitor and manage the progress of its existing construction projects;*
- *The Group will engage the project owners on potential extension of time for the on-going projects which may be delayed;*
- *Re-evaluate current contracts to optimise potential revenue and progressively reduce costs on the job scopes and services provided;*
- *Negotiate with subcontractors on the terms and timing of settlement payments for ongoing and completed projects;*
- *Receipt of retention sum from the main contractor within 12 months after the current reporting date for completed projects; and*
- *The Group has secured buyers for eleven units and one whole floor of office lots at Wisma Zelan. Four units had been sold and full payments have been received. Balance seven units are still in the progress of sales completion and full payment is expected to be received by 3rd quarter of 2021. The Group will continue to identify potential buyers for existing properties.*

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**2. Auditors' Report on Preceding Annual Financial Statements (Continue)**

*Based on the above, the Directors are of the view that the Group and the Company would be able to meet their liabilities and obligations as and when they fall due."*

**3. Seasonal or Cyclical Factors**

The Group's operations were not materially affected by any seasonal or cyclical factors.

**4. Unusual Items**

There was no unusual item affecting assets, liabilities, equity, net income or cash flows during the current financial quarter because of their nature, size or incidence.

**5. Changes in Estimates of Amount Reported Previously**

There was no change in estimates of amounts reported in the prior financial year that has a material effect in the current financial quarter.

**6. Debt and Equity Securities**

There was no issuance, cancellation, repurchase, resale and repayment of debt and equity securities for the current financial quarter.

**7. Dividend**

For the current financial quarter, no dividend has been declared. For the preceding year's corresponding quarter, no dividend was declared.

**8. Segmental Reporting**

Segment analysis for the current financial quarter ended 30 Sept 2021 is as follows:

|  | Engineering<br>and<br>Construction<br>RM '000 | Property and<br>Development<br>RM '000 | Asset<br>Management<br>Services<br>RM '000 | Investment<br>RM '000 | Total<br>RM '000 |
|--|---|--|--|-----------------------|------------------|
| <b>Revenue</b>                         |   |  |  |                       |                  |
| Segment revenue                        | 5,349   | 177                                    | 6,145                                      | 288                   | 11,959           |
|  | 5,349   | 177                                    | 6,145                                      | 288                   | 11,959           |
| <b>Results</b>                         |   |  |  |                       |                  |
| Segment profit                         | 1,155   | (39)                                   | 6,911                                      | (95)                  | 7,932            |
| Finance costs                          | (1,842)                                       | (1)                                    | (4,925)                                    | -                     | (6,768)          |
| Share of results of associates         | (5)   | -                                      | -  | -                     | (5)              |
| Zakat expenses                         | -   | -                                      | -  | -                     | -                |
| Profit before zakat<br>and taxation    | (692)   | (40)                                   | 1,986                                      | (95)                  | 1,159            |
| Tax expense                            | -   | -                                      | (785)                                      | 18                    | (767)            |
| Net profit after zakat<br>and taxation | (692)   | (40)                                   | 1,201                                      | (77)                  | 392              |
| <b>Attributable to:</b>                |   |  |  |                       |                  |
| Equity holders of the parent           | (700)   | (40)                                   | 1,201                                      | (77)                  | 384              |
| Non-controlling interests              | 8   | -                                      | -  | -                     | 8                |
|  | (692)   | (40)                                   | 1,201                                      | (77)                  | 392              |

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The Group's revenue comprises the following:

|                                       | Quarter<br>ended<br>30/09/2021<br>RM'000 | Quarter<br>ended<br>30/09/2020<br>RM'000 |
|---------------------------------------|--|--|
| Revenue from contracts with customers | 5,349                                    | 5,629                                    |
| Asset Facilities Management           | 6,145                                    | 6,176                                    |
| Rental income                         | 465                                      | 465                                      |
|                                       | 11,959                                   | 12,270                                   |

The Group's revenue from contracts with customers is all derived from within Malaysia and are recognised over time.

**9. Material Events Subsequent to the End of the Reporting Period**

There was no material event subsequent to the end of the current financial quarter.

**10. Changes in Composition of the Group**

There was no change in the composition of the Group during the current financial quarter.

**11. Changes in Contingent Liabilities or Contingent Assets**

As at 30 September 2021, the Company had given guarantee amounting to RM12,880,410 (Q3 FY2020: RM12,480,410) to the owner of the project as security for the subsidiary's performance of its obligations under the relevant project.

**12. Review of Performance**

**(i) Financial review for the current quarter and financial period to date**

|   | Individual Quarter |                       |  | Cumulative Quarter |                       |                       |                  |
|---|--------------------|-----------------------|--|--------------------|-----------------------|-----------------------|------------------|
|   | Current            | Year<br>Quarter       | Preceding Year<br>Corresponding<br>Quarter | Changes            | 9 Months<br>Ended     | 9 Months<br>Ended     | Changes          |
|   |                    | 30/09/2021<br>RM '000 | 30/09/2020<br>RM '000                      | Value<br>RM '000   | 30/09/2021<br>RM '000 | 30/09/2020<br>RM '000 | Value<br>RM '000 |
| Revenue                                       |                    | 11,959                | 12,270                                     | (311)              | 33,992                | 34,704                | (712)            |
| Operating profit                              |                    | 7,387                 | 12,469                                     | (5,083)            | 22,804                | 30,053                | (7,250)          |
| Net foreign exchange gain /(loss)             |                    | 1,351                 | (5,868)                                    | 7,218              | 5,644                 | 55                    | 5,589            |
| Share of results of associates                |                    | (5)                   | -  | (5)                | (16)                  | (17)                  | 1                |
| Profit before interest,<br>zakat and taxation |                    | 8,733                 | 6,601                                      | 2,132              | 28,432                | 30,091                | (1,659)          |
| Profit / (loss) before zakat<br>and taxation  |                    | 1,159                 | (1,383)                                    | 2,542              | 6,515                 | 4,497                 | 2,017            |
| Profit / (loss) after zakat<br>and taxation   |                    | 392                   | (1,378)                                    | 1,770              | 4,658                 | 3,783                 | 875              |

The Group's revenue of RM11.96 million for the current quarter ended 30 September 2021 was lower than the revenue of RM12.27 million registered in the same quarter of FY2020 by RM0.31 million. Lower revenue for the current quarter as compared to the corresponding preceding year quarter is principally attributable to the lower revenue from SUKE project of RM5.35 million (Q3 2020: RM5.63 million) and Asset Management Services of RM6.15 million (Q3 2020: RM6.18 million).



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**12. Review of Performance (Continued)**

The Group reported a higher profit after zakat and taxation ("PAZT") of RM0.39 million in the current quarter under review compared to a loss after zakat and taxation ("LAZT") of RM1.38 million in the corresponding quarter of FY2020. This is mainly attributable to higher unrealized gain on foreign exchange of RM1.35 million (Q2 2020: Loss of RM5.87 million).

The Group's lower cumulative revenue of RM33.99 million for the nine months period ended 30 September 2021 was lower than the revenue of RM34.70 million in the same period of FY2020 by RM0.71 million. Lower cumulative revenue for current financial period as compared to the corresponding financial period is attributable to lower revenue in the SUKE Project and the Asset Management Services.

**(ii) Financial review for current quarter compared with immediate preceding quarter**

|  | Individual Quarter    |                       | Variance<br>RM '000 |
|--|-----------------------|-----------------------|---------------------|
|  | Quarter<br>ended      | Quarter<br>ended      |                     |
|  | 30/09/2021<br>RM '000 | 30/06/2021<br>RM '000 |                     |
| <b><u>Revenue</u></b>                                  |                       |                       |                     |
| Engineering and Construction                           | 5,349                 | 4,793                 | 556                 |
| Property and Development                               | 177                   | 192                   | (15)                |
| Investment and Others                                  |                       | -                     | -                   |
| Asset Management Services                              | 6,145                 | 6,050                 | 95                  |
| Investment   | 288                   | 288                   | -                   |
| <b>Total</b>   | <b>11,958</b>         | <b>11,323</b>         | <b>636</b>          |
| <b><u>Profit / (Loss) After Zakat and Taxation</u></b> |                       |                       |                     |
| Engineering and Construction                           | (692)                 | (1,248)               | 556                 |
| Property and Development                               | (40)                  | (35)                  | (5)                 |
| Asset Management Services                              | 1,201                 | 1,723                 | (522)               |
| Investment   | (77)                  | (95)                  | 18                  |
| <b>Total</b>   | <b>392</b>            | <b>345</b>            | <b>47</b>           |

In the current quarter ended 30 September 2021, the Group reported higher revenue by RM0.64 million or 5.6% compared to the immediate preceding quarter. The higher revenue in the current quarter is attributable to higher contribution by the SUKE project and Asset Management Services in IIUM Gambang by RM0.56 million and RM0.10 million respectively. The higher revenue is due to the commencement of works both at SUKE and Gambang after the uplift of stop work order relating to the Movement Control Order ("MCO") imposed by the Government of Malaysia.

The profit after zakat and tax ("PAZT") in the current quarter of RM0.39 million shows an increase of RM0.05 million from the PAZT of RM0.35 million in the immediate preceding quarter. The higher profit in the current quarter as compared to immediate preceding quarter is due to higher unrealized gain on foreign exchange of RM1.35 million (Q2 2021: RM0.57 million).

**13. Prospects**

The Group's revenue will be principally derived from the balance of the order book of SUKE project as well as the revenue from the asset management service charges from the IIUM Gambang project under the Concession Agreement with the Government of Malaysia and IIUM. The income from the IIUM Gambang project will enable the Group to have a stable income stream for the tenure of the concession till 2035.

In light of the prevailing challenges in the construction industry amidst the Covid 19 pandemic, the Board will continue to manage the business with diligence and remain cautious of its future prospects. The Group is pursuing to secure new jobs whilst continuously implementing strategies to control costs.

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**14. Profit Forecast or Profit Guarantee**

There was no profit forecast or profit guarantee issued in a public document for the current financial quarter.

**15. Taxation**

|                                | Individual Quarter                            |   | Cumulative Quarter                      |   |
|--------------------------------|---|---|---|---|
|                                | Current year quarter<br>30/09/2021<br>RM '000 | Preceding year corresponding quarter<br>30/09/2020<br>RM '000 | 9 months ended<br>30/09/2021<br>RM '000 | 9 months ended<br>30/09/2020<br>RM '000 |
| Malaysian income tax - current | 767   | (5)   | 1,857                                   | 703                                     |
| Deferred tax                   | -   | (1)   | -                                       | 11                                      |
| Tax expense                    | <u>767</u>                                    | <u>(6)</u>  | <u>1,857</u>                            | <u>714</u>                              |

**16. Status of Corporate Proposals Announced**

There is no outstanding corporate proposal announced up to the date of this announcement.

**17. Borrowings**

Details of the Group's borrowings as at 30 September 2021 are as follows:

|                                  | As at 30.09.2021      |                 |                      |                 |                      |                 |
|----------------------------------|-----------------------|-----------------|----------------------|-----------------|----------------------|-----------------|
|                                  | Short term borrowings |                 | Long term borrowings |                 | Total borrowings     |                 |
|                                  | Foreign denomination  | RM denomination | Foreign denomination | RM denomination | Foreign denomination | RM denomination |
|                                  | AED '000              | RM '000         | AED '000             | RM '000         | AED '000             | RM '000         |
| <b>Secured</b>                   |                       |                 |                      |                 |                      |                 |
| Term loan                        | 6,300                 | 7,177           | 82,367               | 93,832          | 88,667               | 101,009         |
| Islamic financing                | -                     | 38,125          | -                    | 370,510         | -                    | 408,635         |
| <b>Unsecured</b>                 |                       |                 |                      |                 |                      |                 |
| Hire purchase                    | -                     | 60              | -                    | 54              | -                    | 114             |
|                                  | <u>6,300</u>          | <u>45,362</u>   | <u>82,367</u>        | <u>464,396</u>  | <u>88,667</u>        | <u>509,758</u>  |
| ^ Exchange rate: AED1 = RM1.1392 |                       |                 |                      |                 |                      |                 |
|                                  | As at 30.09.2020      |                 |                      |                 |                      |                 |
|                                  | Short term borrowings |                 | Long term borrowings |                 | Total borrowings     |                 |
|                                  | Foreign denomination  | RM denomination | Foreign denomination | RM denomination | Foreign denomination | RM denomination |
|                                  | AED '000              | RM '000         | AED '000             | RM '000         | AED '000             | RM '000         |
| <b>Secured</b>                   |                       |                 |                      |                 |                      |                 |
| Term loan                        | 8,485                 | 9,599           | 90,843               | 102,771         | 99,328               | 112,370         |
| Islamic financing                | -                     | 32,371          | -                    | 420,587         | -                    | 452,958         |
| <b>Unsecured</b>                 |                       |                 |                      |                 |                      |                 |
| Hire purchase                    | -                     | 105             | -                    | 121             | -                    | 226             |
|                                  | <u>8,485</u>          | <u>42,075</u>   | <u>90,843</u>        | <u>523,479</u>  | <u>99,328</u>        | <u>565,554</u>  |
| ^ Exchange rate: AED1 = RM1.1313 |                       |                 |                      |                 |                      |                 |

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**18. Changes in Material Litigation**

Details of the significant litigations during the financial year are as follows:

Projects in Malaysia

- a) In relation to a project in Malaysia, a subsidiary company, Zelan Construction Sdn Bhd ("ZCSB") had filed a Notice of Arbitration dated 25 March 2019 against its sub-contractor. The sub-contractor had on 24 April 2019 filed a response and counterclaim for RM19,418,937.16 against ZCSB for the unpaid certified invoices, retention sum, outstanding variation order and GST.

Subsequently, on 6 November 2019, ZCSB submitted its Statement of Case, *inter-alia* claiming as follows:

- (i) Declaration that the Certificate of Practical Completion was properly revoked by ZCSB;
- (ii) Declaration that the sub-contractor failed to achieve practical completion of the works in accordance with the Contract;
- (iii) Declaration that ZCSB is entitled to step-in as provided under Clause 40A of the Contract;
- (iv) Payment of RM8,269,219 being liquidated damages for the sub-contractor delay in completing its Works from 01.07.2015 to 22.12.2015;
- (v) Payment of RM17,393,875.15 being liquidated damages for the sub-contractor delay in completing its Works from 01.07.2015 to 30.06.2016;
- (vi) Direct cost, losses, expenses and/or damages which were incurred by ZCSB amounting to RM45,774,742.27;
- (vii) Payment of RM186,283,267.56 for other costs, losses, expenses and/or damages incurred by ZCSB;
- (viii) Consultant fees and Petty Cash amounting to RM617,175.14 incurred by ZCSB;
- (ix) Electricity Charges amounting to RM3,446,341.22 incurred by ZCSB;
- (x) Pre award interest at the rate of 5% per annum from the respective due dates until settlement in full; and
- (xi) Post award interest at the rate of 5% calculated on the sum awarded until the date of settlement.

The sub-contractor submitted its Statement of Defence and Counterclaim dated 19 March 2020 and ZCSB's submitted its Reply to the sub-contractor's Statement of Defence and Counterclaim on 1 June 2020. The Scott Schedule was submitted to the Arbitrator and the sub-contractor on 14 January 2020.

On 17 June 2020, based on the lawyer's advice, ZCSB's submitted its Amended Statement of Case and the sub-contractor submitted its Amended Statement of Defence and Counterclaim on 19 July 2020. On 1 August 2020, ZCSB's submitted its Amended Reply and accordingly, the sub-contractor submitted its Reply on 29 August 2020.

The Amended Scott Schedule has been filed on 9 August 2021 and is currently pending a reply from the sub-contractor which will be due on 9 February 2022.

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**18. Changes in Material Litigation (Continue)**

Details of the significant litigations during the financial year are as follows: (continued)

Projects in Malaysia (continued)

- b) In relation to a project in Malaysia, a subsidiary company, ZCSB had issued a Notice of Arbitration dated 8 March 2019 to a consultant in respect of the disputes and differences under the Consultancy Services Agreement dated 9 May 2013.

ZCSB claims for the following:-

- (i) Declaration that the consultant has breached its obligations under the Contract;
- (ii) payment for the refund on value of cost savings for deviation items amounting to RM5,969,352.20;
- (iii) payment for rental of temporary facilities, utilities bills, and other costs from January 2016 until 30 June 2018 amounting to RM38,307,666.66;
- (iv) payment for ZCSB's loss of income from January 2016 until 30 June 2018 amounting RM261,121,652.12;
- (v) general damages, cost of Arbitration proceeding and other cost the Arbitrator deems appropriate.

The AIAC had appointed a sole arbitrator on 14 August 2019, however due to disagreement on terms of engagement, the said arbitrator offered his resignation.

Upon the inauguration of the Director of the AIAC after the position being vacant for almost a year, a substitute sole arbitrator has been appointed on 8 January 2021.

On 12 April 2021, ZCSB's submitted its Statement of Case and the consultant submitted it's Statement of Defence and Counter Claim on 28 May 2021. Thereafter, ZCSB submitted it's Reply to Defence and Defence to Counter Claim on 25 June 2021 and the consultant submitted it's Rejoinder on 23 July 2021.

Both parties are complying with the arbitration procedural timeline.

- c) In relation to a project in Malaysia, a subsidiary company, ZCSB received two (2) Writ of Summons and Statement of Claims both dated 13 June 2017 from a sub-contractor in respect of disputes and differences arising from outstanding claims for dredging works and shore protection works in relation to the project in Tanjung Setapa, Johor, Malaysia. ZCSB filed it's Statement of Defence and Counter Claim dated 3 October 2017. Accordingly, the matter proceeded with full trials on 3 March, 4 March, 20 March and 30 April in 2019.

On 19 January 2020, the High Court dismissed both the sub-contractor's claims as follows ("High Court's decision"):-

- (i) Both suits filed by the sub-contractor are dismissed with cost of RM10,000.00 each; and
- (ii) ZCSB's counter claim is allowed with losses and damages in carrying out dredging works for the balance quantity of 247,384m<sup>3</sup> to be assessed by Court by way of assessment of damages proceeding.

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**18. Changes in Material Litigation (Continue)**

Details of the significant litigations during the financial year are as follows: (continued)

Projects in Malaysia (continued)

On 14 February 2020, ZCSB filed for Notice of Direction for assessment of damages to be assessed by Court.

On 14 February 2020, the sub-contractor filed it's Notices of Appeal both dated 14 February 2020 in the Court of Appeal, Putrajaya against the High Court's decision.

The sub-contractor also filed a Notice of Application for Stay of Proceedings dated 14 May 2020 to have all forms of assessment of damages proceeding from and/or related to the High Court's decision be stayed pending conclusion of the sub-contractor's appeal. On 2 September 2020, the High Court dismissed the sub-contractor's Stay of Proceedings.

After reviewing the Grounds of Judgement from High Court which was received on 1 October 2020, ZCSB's filed it's Notice of Leave to Appeal dated 3 November 2020 in the Court of Appeal, Putrajaya against the High Court's decision for direction that ZCSB's counter claim to be assessed by way of assessment of damages proceedings.

On 11 November 2020, ZCSB's filed it's Notice of Application in the High Court for Stay of Proceeding on the assessment of damages proceeding pending disposal of it's appeal.

On 27 January 2021, the Court of Appeal allowed ZCSB's Notice of Leave to Appeal and ordered the assessment of damages proceeding in the High Court to be stayed until disposal of ZCSB's appeal.

On 19 April 2021, the Court of Appeal has directed for ZCSB's appeal and the sub-contractor's appeals to be heard together on 17 November 2021.

The assessment of damages proceeding in the High Court was fixed for case management on 8 June 2021 and the case management was further adjourned to 18 November 2021 for ZCSB to update on the status of appeal

On 17 November 2021, after hearing both appeal submissions by ZCSB's and the sub-contractor's lawyers, the Court of Appeal dismissed the sub-contractor's appeal and allowed ZCSB's appeal with cost to be paid by the sub-contractor to ZCSB.

**19. Earnings Per Share**

The basic earnings per share for the financial quarter/year were calculated based on the Group's profit attributable to the equity holders of the Company, divided by the number of ordinary shares in issue during the financial quarter.

|  | Individual Quarter                         |  | Cumulative Quarter                        |   |
|--|--|--|---|---|
|  | 3 months<br>Quarter<br>ended<br>30/09/2021 | 3 months<br>Quarter<br>ended<br>30/09/2020 | 9 months<br>Period<br>ended<br>30/09/2021 | 9 months<br>Period<br>ended<br>30/09/2020 |
| Profit attributable to equity holders of the parent (RM'000) | 392  | (1,378)                                    | 4,658                                     | 3,783                                     |
| Number of ordinary shares in issue ('000)                    | 844,895                                    | 844,895                                    | 844,895                                   | 844,895                                   |
| <b>Basic profit per share (sen)</b>                          | <b>0.05</b>                                | <b>(0.16)</b>                              | <b>0.55</b>                               | <b>0.45</b>                               |

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**20. Authorisation for Issue**

The interim financial report was authorised for issue by the Board of Directors in accordance with a resolution of the Directors on 22 November 2021.

**By order of the Board**

**Yusrenawati binti Mohd Yusof**  
**Secretary**

**Kuala Lumpur**  
**22 November 2021**